

109TH CONGRESS
1ST SESSION

S. _____

To foster local development by facilitating the delivery of financial assistance to small businesses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Ms. SNOWE (for herself and _____)
_____)
introduced the following bill; which was read twice and referred to the
Committee on _____

A BILL

To foster local development by facilitating the delivery of financial assistance to small businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; DEFINITION.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Local Development Business Loan Program Act of
6 2005”.

7 (b) DEFINITION.—In this Act, the term “Adminis-
8 trator” means the Administrator of the Small Business
9 Administration.

1 **SEC. 2. DEVELOPMENT COMPANY LOAN PROGRAMS.**

2 (a) TITLE OF PROGRAM.—Title V of the Small Busi-
3 ness Investment Act of 1958 (15 U.S.C. 695 et seq.) is
4 amended by adding at the end the following:

5 **“SEC. 511. PROGRAM TITLE.**

6 “The programs authorized by this title shall be
7 known as the ‘Local Development Business Loan Pro-
8 gram’.”.

9 (b) EXISTING MATERIALS.—The Administrator may
10 use informational materials created, or that were in the
11 process of being created, before the date of enactment of
12 this Act that do not refer to a program under title V of
13 the Small Business Investment Act of 1958 (15 U.S.C.
14 695 et seq.) as the “Local Development Business Loan
15 Program”.

16 (c) NEW MATERIALS.—Any informational materials
17 created by the Administrator on or after the date of enact-
18 ment of this Act shall refer to any program under title
19 V of the Small Business Investment Act of 1958 (15
20 U.S.C. 695 et seq.) as the “Local Development Business
21 Loan Program”.

22 **SEC. 3. PROGRAM AUTHORIZATIONS.**

23 Section 20 of the Small Business Act (15 U.S.C. 631
24 note) is amended by adding at the end the following:

25 “(f) FISCAL YEAR 2007.—For the program author-
26 ized under section 7(a)(13) of this Act and the Local De-

1 velopment Business Loan Program under the Small Busi-
2 ness Investment Act of 1958, the Administrator is author-
3 ized to make \$8,000,000,000 in financings, and there are
4 authorized to be appropriated to the Administrator such
5 sums as may be necessary to carry out such programs.

6 “(g) FISCAL YEAR 2008.—For the program author-
7 ized under section 7(a)(13) of this Act and the Local De-
8 velopment Business Loan Program under the Small Busi-
9 ness Investment Act of 1958, the Administrator is author-
10 ized to make \$8,500,000,000 in financings, and there are
11 authorized to be appropriated to the Administrator such
12 sums as may be necessary to carry out such programs.”.

13 **SEC. 4. LOAN LIQUIDATIONS.**

14 Section 510 of the Small Business Investment Act
15 of 1958 (15 U.S.C. 697g) is amended—

16 (1) by redesignating subsection (e) as sub-
17 section (g); and

18 (2) by inserting after subsection (d) the fol-
19 lowing:

20 “(e) PARTICIPATION.—

21 “(1) IN GENERAL.—Any qualified State or local
22 development company which elects not to apply for
23 authority to foreclose and liquidate defaulted loans
24 under this section, or which the Administrator deter-
25 mines to be ineligible for such authority, shall con-

1 tract with a qualified third-party to perform fore-
2 closure and liquidation of defaulted loans in its port-
3 folio. The contract shall be contingent upon approval
4 by the Administrator with respect to the qualifica-
5 tions of the contractor and the terms and conditions
6 of liquidation activities.

7 “(2) COMMENCEMENT.—The provisions of this
8 subsection shall not require any development com-
9 pany to liquidate defaulted loans until the Adminis-
10 trator has adopted and implemented a program to
11 compensate and reimburse development companies,
12 as provided under subsection (f).

13 “(f) COMPENSATION AND REIMBURSEMENT.—

14 “(1) REIMBURSEMENT OF EXPENSES.—The
15 Administrator shall reimburse each qualified State
16 or local development company for all expenses paid
17 by such company as part of the foreclosure and liq-
18 uidation activities, if the expenses—

19 “(A) were approved in advance by the Ad-
20 ministrator, either specifically or generally; or

21 “(B) were incurred by the development
22 company on an emergency basis without prior
23 approval from the Administrator, if the Admin-
24 istrator determines that the expenses were rea-
25 sonable and appropriate.

“(2) COMPENSATION FOR RESULTS.—The Administrator shall develop a schedule to compensate and provide an incentive to qualified State or local development companies that foreclose and liquidate defaulted loans. The schedule shall be based on a percentage of the net amount recovered, but shall not exceed a maximum amount. The schedule shall not apply to any foreclosure which is conducted pursuant to a contract between a development company and a qualified third party to perform the foreclosure and liquidation.”.

12 SEC. 5. ADDITIONAL EQUITY INJECTIONS.

Section 502(3)(B)(ii) of the Small Business Invest-
ment Act of 1958 (15 U.S.C. 696(3)(B)(ii)) is amended
to read as follows:

16 “(ii) FUNDING FROM INSTITU-
17 TIONS.—If a small business concern—

“(I) provides the minimum contribution required under subparagraph (C), not less than 50 percent of the total cost of any project financed under clause (i), (ii), or (iii) of subparagraph (C) shall come from the institutions described in subclauses (I), (II), and (III) of clause (i); and

1 “(II) provides more than the
2 minimum contribution required under
3 subparagraph (C), any excess con-
4 tribution may be used to reduce the
5 amount required from the institutions
6 described in subclauses (I), (II), and
7 (III) of clause (i), except that the
8 amount from such institutions may
9 not be reduced to an amount that is
10 less than the amount of the loan made
11 by the Administrator.”.

12 **SEC. 6. BUSINESSES IN LOW-INCOME AREAS.**

13 Section 501(d)(3)(A) of the Small Business Invest-
14 ment Act of 1958 (15 U.S.C. 695(d)(3)(A)) is amended
15 by inserting after “business district revitalization,” the
16 following: “or expansion of businesses in low-income com-
17 munities which would be eligible for a new markets tax
18 credit pursuant to section 45D(a) of the Internal Revenue
19 Code of 1986, or implementing regulations issued there-
20 under,”.

21 **SEC. 7. COMBINATIONS OF CERTAIN GOALS.**

22 Section 501(e) of the Small Business Investment Act
23 of 1958 (15 U.S.C. 695(e)) is amended by adding at the
24 end the following:

1 “(7) A small business concern that is uncondi-
2 tionally owned by more than 1 individual, or a cor-
3 poration, the stock of which is owned by more than
4 1 individual, shall be deemed to have achieved a
5 public policy goal required under subsection (d)(3) if
6 a combined ownership share of not less than 51 per-
7 cent is held by individuals who are in 1 of the
8 groups described in subparagraph (C) or (E) of sub-
9 section (d)(3).”.

10 **SEC. 8. MAXIMUM 504 AND 7(A) LOAN ELIGIBILITY.**

11 Section 502(2) of the Small Business Investment Act
12 of 1958 (15 U.S.C. 696(2)) is amended by adding at the
13 end the following:

14 “(C) COMBINATION FINANCING.—Notwith-
15 standing any other provision of law, financing
16 under this title may be provided to a borrower
17 in the maximum amount provided in this sub-
18 section, and a loan guarantee under section
19 7(a) of the Small Business Act may be provided
20 to the same borrower in the maximum amount
21 provided in section 7(a)(3)(A) of such Act, to
22 the extent that the borrower otherwise qualifies
23 for such assistance.”.

1 **SEC. 9. REFINANCING.**

2 Section 502 of the Small Business Investment Act
3 of 1958 (15 U.S.C. 696) is amended by adding at the end
4 the following:

5 “(7) PERMISSIBLE DEBT REFINANCING.—

6 “(A) IN GENERAL.—Any financing ap-
7 proved under this title may include a limited
8 amount of debt refinancing.

9 “(B) EXPANSIONS.—If the project involves
10 expansion of a small business concern which
11 has existing indebtedness collateralized by fixed
12 assets, any amount of existing indebtedness
13 that does not exceed 1/2 of the project cost of
14 the expansion may be refinanced and added to
15 the expansion cost, providing that—

16 “(i) the proceeds of the indebtedness
17 were used to acquire land, including a
18 building situated thereon, to construct a
19 building thereon, or to purchase equip-
20 ment;

21 “(ii) the borrower has been current on
22 all payments due on the existing debt for
23 at least the preceding year; and

24 “(iii) the financing under section 504
25 will provide better terms or rate of interest

1 than exists on the debt at the time of refi-
2 nancing.”.

3 **SEC. 10. FEES.**

4 (a) IN GENERAL.—Section 503(d) of the Small Busi-
5 ness Investment Act of 1958 (15 U.S.C. 697(d)) is amend-
6 ed—

7 (1) by striking paragraph (2);

8 (2) by redesignating paragraph (3) as para-
9 graph (2); and

10 (3) in paragraph (2), as so redesignated, by
11 striking “0.125 percent” and inserting “0.185 per-
12 cent”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall take effect and apply to loans under
15 section 503(d) of the Small Business Investment Act of
16 1958 (15 U.S.C. 697(d)) approved on or after 30 days
17 after the date of enactment of this Act.

18 **SEC. 11. TECHNICAL CORRECTION.**

19 Section 501(e)(2) of the Small Business Investment
20 Act of 1958 (15 U.S.C. 695(e)(2)) is amended by striking
21 “outstanding”.

22 **SEC. 12. SBIA DEFINITIONS.**

23 Section 103 of the Small Business Investment Act
24 of 1958 (15 U.S.C. 662) is amended—

1 (1) by striking paragraph (6) and inserting the
2 following:

3 “(6) the term ‘development company’ means an
4 entity incorporated under State law with the author-
5 ity to promote and assist the growth and develop-
6 ment of small business concerns in the areas in
7 which it is authorized to operate by the Adminis-
8 trator;”;

9 (2) in paragraph (16), by striking “and” at the
10 end;

11 (3) in paragraph (17), by striking the period at
12 the end and inserting “; and”; and

13 (4) by adding at the end the following:

14 “(18) the term ‘certified development company’
15 means a development company that the Adminis-
16 trator has certified meets the criteria of section
17 506.”.

18 **SEC. 13. REPEAL OF SUNSET ON RESERVE REQUIREMENTS**

19 **FOR PREMIER CERTIFIED LENDERS.**

20 Section 508(c)(6)(B) of the Small Business Invest-
21 ment Act of 1958 (15 U.S.C. 697e(c)(6)(B)) is amend-
22 ed—

23 (1) in the heading, by striking “TEMPORARY
24 REDUCTION” and inserting “REDUCTION”; and

1 (2) by striking “Notwithstanding subparagraph
2 (A), during the 2-year period beginning on the date
3 that is 90 days after the date of enactment of this
4 subparagraph, the” and inserting “The”.

5 **SEC. 14. ELIGIBILITY OF DEVELOPMENT COMPANIES TO BE**
6 **DESIGNATED AS CERTIFIED DEVELOPMENT**
7 **COMPANIES AND AUTHORITY TO ISSUE DE-**
8 **BENTURES; AND PROVIDING AN AREA OF**
9 **OPERATIONAL AUTHORITY, FUNDING RE-**
10 **STRICTIONS, AND ETHICAL REQUIREMENTS.**

11 Section 506 of the Small Business Investment Act
12 of 1958 (15 U.S.C. 697c) is amended—

13 (1) in the heading, by striking “**RESTRIC-**
14 **TIONS ON DEVELOPMENT COMPANY ASSIST-**
15 **ANCE**” and inserting “**CERTIFIED DEVELOPMENT**
16 **COMPANIES**”; and

17 (2) by inserting before “Notwithstanding any
18 other provision of law” the following:

19 “(a) **AUTHORITY TO ISSUE DEBENTURES.**—A devel-
20 opment company may issue debentures under this title if
21 the Administrator certifies that the company meets the
22 following criteria:

23 “(1) **SIZE.**—

24 “(A) **IN GENERAL.**—Except as provided in
25 subparagraph (B), the development company

1 shall be a small business concern with fewer
2 than 500 employees, and shall not be under the
3 control of any entity that does not meet the size
4 standards established by the Administrator for
5 a small business concern.

6 “(B) EXCEPTION.—Any development com-
7 pany that was certified by the Administrator
8 before December 31, 2005, may continue to
9 issue debentures under this title.

10 “(2) PURPOSE.—A primary purpose of the de-
11 velopment company shall be to benefit the commu-
12 nity by fostering economic development to create and
13 preserve jobs and stimulate private investment.

14 “(3) PRIMARY FUNCTION.—A primary function
15 of the development company shall be to accomplish
16 its purpose by providing long term financing to
17 small business concerns under the Local Develop-
18 ment Business Loan Program. The development
19 company may also provide or support other local
20 economic development activities to assist the commu-
21 nity.

22 “(4) NONPROFIT STATUS.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), the development company
25 shall be a nonprofit corporation.

1 “(B) EXCEPTION.—A development com-
2 pany certified by the Administrator before Jan-
3 uary 1, 1987, may continue to issue debentures
4 under this title and retain its status as a for-
5 profit enterprise.

6 “(5) GOOD STANDING.—The development com-
7 pany—

8 “(A) shall be in good standing in the State
9 in which such company is incorporated and in
10 any other State in which it conducts business;
11 and

12 “(B) shall be in compliance with all laws,
13 including taxation requirements, in the State in
14 which such company is incorporated and in any
15 other State in which it conducts business.

16 “(6) MEMBERSHIP OF DEVELOPMENT COM-
17 PANY.—There shall be—

18 “(A) not fewer than 25 members of the de-
19 velopment company (or owners or stockholders,
20 if the corporation is a for-profit entity) none of
21 whom may own or control more than 10 percent
22 of the voting membership of the company; and

23 “(B) at least 1 member of the development
24 company (none of whom is in a position to con-

1 trol the development company) from each of the
2 following:

3 “(i) Government organizations that
4 are responsible for economic development.

5 “(ii) Financial institutions that pro-
6 vide commercial long term fixed asset fi-
7 nancing.

8 “(iii) Community organizations that
9 are dedicated to economic development.

10 “(iv) Businesses.

11 “(7) BOARD OF DIRECTORS.—

12 “(A) IN GENERAL.—The development com-
13 pany shall have a board of directors.

14 “(B) MEMBERS OF BOARD.—Each member
15 of the board of directors shall be—

16 “(i) a member of the development
17 company; and

18 “(ii) elected by a majority of the
19 members of the development company.

20 “(C) REPRESENTATION OF ORGANIZA-
21 TIONS AND INSTITUTIONS.—

22 “(i) IN GENERAL.—There shall be at
23 least 1 member of the board of directors
24 from not fewer than 3 of the 4 organiza-
25 tions and institutions described in para-

1 graph (6)(B), none of whom is in a posi-
2 tion to control the development company.

3 “(ii) MAXIMUM PERCENTAGE.—Not
4 more than 50 percent of the members of
5 the board of directors shall be from any 1
6 of the organizations and institutions de-
7 scribed in paragraph (6)(B).

8 “(D) MEETINGS.—The board of directors
9 of the development company shall meet on a
10 regular basis to make policy decisions for such
11 company.

12 “(8) PROFESSIONAL MANAGEMENT AND
13 STAFF.—

14 “(A) IN GENERAL.—The development com-
15 pany shall have full-time professional manage-
16 ment, including a chief executive officer to man-
17 age daily operations and a full-time professional
18 staff qualified to market the Local Development
19 Business Loan Program and handle all aspects
20 of loan approval and servicing, including liq-
21 uidation, if appropriate.

22 “(B) INDEPENDENT MANAGEMENT AND
23 OPERATION.—Except as provided in paragraph
24 (9), the development company shall be inde-
25 pendently managed and operated to pursue the

1 economic development purpose of the company
2 and shall employ directly the chief executive of-
3 ficer.

4 “(9) MANAGEMENT AND OPERATION EXCEP-
5 TIONS.—

6 “(A) AFFILIATION.—A development com-
7 pany may be an affiliate of another local non-
8 profit service corporation (other than a develop-
9 ment company), a purpose of which is to sup-
10 port economic development in the area in which
11 the development company operates.

12 “(B) STAFFING.—A development company
13 may satisfy the requirement for full-time pro-
14 fessional staff under paragraph (8)(A) by con-
15 tracting for the required staffing with—

16 “(i) a local nonprofit service corpora-
17 tion;

18 “(ii) a nonprofit affiliate of a local
19 nonprofit service corporation;

20 “(iii) an entity wholly or partially op-
21 erated by a governmental agency; or

22 “(iv) another entity approved by the
23 Administration.

24 “(C) DIRECTORS.—A development com-
25 pany and a local nonprofit service corporation

1 with which it is affiliated may have in common
2 some, but not all, members of their respective
3 board of directors.

4 “(D) RURAL AREAS.—A development com-
5 pany in a rural area may satisfy the require-
6 ments of a full-time professional staff and pro-
7 fessional management ability under paragraph
8 (8)(A) by contracting for such services with an-
9 other certified development company that—

10 “(i) has such staff and management
11 ability; and

12 “(ii) is located in the same State as
13 the development company or in a State
14 that is contiguous to the State in which
15 the development company is located.

16 “(E) PREVIOUSLY CERTIFIED.—A develop-
17 ment company that, on or before December 31,
18 2005, was certified by the Administrator and
19 had contracted with a for-profit company to
20 provide staffing and management services, may
21 continue to do so.

22 “(b) USE OF EXCESS FUNDS.—Any funds generated
23 by a certified development company from making loans
24 under section 503 or 504 that remain unexpended after
25 payment of staff, operating, and overhead expenses shall

1 be retained by the certified development company as a re-
2 serve for—

3 “(1) future operations;

4 “(2) expanding the area in which the certified
5 development company operates through the methods
6 authorized by this Act; or

7 “(3) investment in other local economic develop-
8 ment activity in the State from which such funds
9 were generated.

10 “(c) ETHICAL REQUIREMENTS.—

11 “(1) IN GENERAL.—A certified development
12 company and the officers, employees, and other staff
13 of the company shall at all times act ethically and
14 avoid activities which constitute a conflict of interest
15 or appear to constitute a conflict of interest.

16 “(2) PROHIBITED CONFLICT IN PROJECT
17 LOANS.—

18 “(A) IN GENERAL.—No certified develop-
19 ment company may—

20 “(i) recommend or approve a guar-
21 antee of a debenture by the Administrator
22 under the Local Business Development
23 Loan Program that is collateralized by a
24 second lien position on the property being
25 constructed or acquired; and

1 “(ii) provide, or be affiliated with a
2 corporation or other entity which provides,
3 financing collateralized by a first lien on
4 the same property.

5 “(B) EXCEPTION.—During the 2-year pe-
6 riod beginning on the date of enactment of this
7 subsection, a certified development company
8 that was participating as a first mortgage lend-
9 er for the Local Business Development Loan
10 Program in either of fiscal years 2004 or 2005
11 may continue to do so.

12 “(3) OTHER ECONOMIC DEVELOPMENT ACTIVI-
13 TIES.—It shall not be a conflict of interest for a cer-
14 tified development company to operate multiple pro-
15 grams to assist small business concerns as part of
16 carrying out its economic development purpose.

17 “(d) MULTISTATE OPERATIONS.—

18 “(1) AUTHORIZATION.—Notwithstanding any
19 other provision of law, the Administrator shall per-
20 mit a certified development company to make loans
21 in any State that is contiguous to the State of incor-
22 poration of that certified development company, only
23 if such company—

24 “(A) is—

1 “(i) an accredited lender under section
2 507; or

3 “(ii) a premier certified lender under
4 section 508;

5 “(B) has a membership that contains not
6 fewer than 25 members from each State in
7 which the company makes loans;

8 “(C) has a board of directors that contains
9 not fewer than 1 member from each State in
10 which the company makes loans; and

11 “(D) maintains not fewer than 1 loan com-
12 mittee, which shall have not fewer than 1 mem-
13 ber from each State in which the company
14 makes loans; and

15 “(E) submits to the Administrator, in writ-
16 ing—

17 “(i) a notice of the intention of the
18 company to make loans in multiple States;

19 “(ii) the names of the States in which
20 the company intends to make loans;

21 “(iii) a detailed statement of how the
22 company will comply with this paragraph,
23 including a list of the members described
24 in subparagraph (B).

1 “(2) REVIEW.—The Administrator shall verify
2 whether a certified development company satisfies
3 the requirements of paragraph (1) on an expedited
4 basis and, not later than 30 days after the date on
5 which the Administrator receives the statement de-
6 scribed in paragraph (1)(E)(iii), the Administrator
7 shall determine whether such company satisfies such
8 criteria and provide notice to such company.

9 “(3) LOAN COMMITTEE PARTICIPATION.—For
10 any loan made by a company described in paragraph
11 (1), not fewer than 1 member of the loan committee
12 from the State in which the loan is to be made shall
13 participate in the review of such loan.

14 “(4) AGGREGATE ACCOUNTING.—A company
15 described in paragraph (1) may maintain an aggre-
16 gate accounting of all revenue and expenses of the
17 company for purposes of this title.

18 “(5) DIRECTORS.—Notwithstanding any other
19 provision of law, a person may serve on the board
20 of directors, but not as an officer, of more than 1
21 certified development company if none of the cer-
22 tified development companies on which the person
23 serves as a member of the board of directors are lo-
24 cated or operate in the same area.

1 “(6) LOCAL JOB CREATION REQUIREMENTS.—

2 Any certified development company making loans in
3 multiple States shall satisfy any applicable job cre-
4 ation or retention requirements separately for each
5 such State. Such a company shall not count jobs
6 created or retained in 1 State towards any applica-
7 ble job creation or retention requirement in another
8 State.

9 “(7) CONTIGUOUS STATES.—For purposes of
10 this subsection, the States of Alaska and Hawaii
11 shall be deemed to be contiguous to any State abut-
12 ting the Pacific ocean.

13 “(e) RESTRICTIONS ON DEVELOPMENT COMPANY
14 ASSISTANCE.—”.

15 **SEC. 15. CONFORMING AMENDMENTS.**

16 Section 503 of the Small Business Investment Act
17 of 1958 (15 U.S.C. 697) is amended—

18 (1) in subsection (a)(1), by striking “qualified
19 State or local development company” and inserting
20 “certified development company”; and

21 (2) by striking subsection (e) and inserting the
22 following:

23 “(e) SECTION 7(A) LOANS.—Notwithstanding any
24 other provision of law, a certified development company
25 is authorized to prepare applications for deferred partici-

1 pation loans under section 7(a) of the Small Business Act,
2 to service such loans, and to charge a reasonable fee for
3 servicing such loans.”.

4 **SEC. 16. CLOSING COSTS.**

5 Section 503(b) of the Small Business Investment Act
6 of 1958 (15 U.S.C. 697(b)) is amended by striking para-
7 graph (4) and inserting the following:

8 “(4) the aggregate amount of such debenture
9 does not exceed the amount of the loans to be made
10 from the proceeds of such debenture plus, at the
11 election of the borrower, other amounts attributable
12 to the administrative and closing costs of such loans,
13 except for the attorney fees of the borrower;”.

14 **SEC. 17. DEFINITION OF RURAL.**

15 Section 501 of the Small Business Investment Act
16 of 1958 (15 U.S.C. 695) is amended by adding at the end
17 the following:

18 “(f) As used in this title, the term ‘rural’ shall include
19 any area that is not—

20 “(1) a city or town that has a population great-
21 er than 50,000 inhabitants; or

22 “(2) the urbanized area contiguous and adja-
23 cent to a city or town described in paragraph (1).”.

1 **SEC. 18. REGULATIONS AND EFFECTIVE DATE.**

2 (a) IN GENERAL.—Except as provided in subsection
3 (b), the Administrator shall—

4 (1) publish proposed rules to implement this
5 Act and the amendments made by this Act not later
6 than 120 days after the date of enactment of this
7 Act; and

8 (2) publish such rules in final form not later
9 than 120 days after the date of publication under
10 paragraph (1).

11 (b) MULTISTATE OPERATIONS.—As soon as is prac-
12 ticable after the date of enactment of this Act, the Admin-
13 istrator shall promulgate regulations to implement section
14 506(d) of the Small Business Investment Act of 1958, as
15 added by section 14 of this Act. Such regulations shall
16 become effective not later than 120 days after the date
17 of enactment of this Act.

18 (c) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2) and section 10(b), this Act and the
21 amendments made by this Act shall become effective
22 240 days after the date of enactment of this Act, re-
23 gardless of whether the Administrator has promul-
24 gated the regulations required under subsection (a).

25 (2) MULTISTATE OPERATIONS.—Section 506(d)
26 of the Small Business Investment Act of 1958, as

1 added by section 14 of this Act, shall become effec-
2 tive 120 days after the date of enactment of this
3 Act, regardless of whether the Administrator has
4 promulgated the regulations required under sub-
5 section (b).